IN THE HIGH COURT OF JUDICATURE, ANDHRA PRADESH
AT HYDERABAD

(Special Original Jurisdiction)

WEDNESDAY, THE TWENTY SECOND DAY OF JUNE
TWO THOUSAND AND FIVE

PRESENT

THE HON'BLE MR JUSTICE ELIPE DHARMA RAO

WRIT PETITION NO : 21388 of 2000

Between:

M/s. Srimanta Chit Fund Private Limited, Rep by its Foreman, Nelluri Venkateswarlu, Wyra Road, Khammam, Khammam District.

..... PETITIONER

AND

1 Director of Chits and Commissioner and Inspector General of Registration and Stamps, Government of A.P., Exhibition Grounds, Mozamzahi Road, Hyderabad.
2 District Registrar of Chits,
Khammam. Khammam District.
3 Sub-Registrar of Chits,
Khammam, Khammam District.

.....RESPONDENTS

Petition under Article 226 of the constitution of India praying that in the circumstances stated in the Affidavit filed herein the High Court will be pleased to issue an appropriate Writ more particularly Writ of the nature of Writ of Mandamus order or direction declaring the proceedings in circular Memo. No. C/36062/95 dt. 16.12.1995 of the 1st Respondent herein as arbitrary, illegal, unreasonable and contrary to Sec.12 of A.P. Chit Funds Act 1971 and issue a consequential direction to the respondents herein not to give effect to the same and further direct the respondents herein to accept the security deposit made in the form of FDRs in Banks or in any one of the methods of security as contemplated under Sec. 12 of the A.P. Chit Funds Act 1971 before commencement on Chit by the petitioner chit fund company and pass such other order or orders as are deemed fit and proper in the circumstances of the case.

Counsel for the Petitioner:MR.M.RAJAMALLA REDDY

Counsel for the Respondent No.: GP FOR REVENUE

The Court made the following :

ORAL ORDER:

Challenging the Circular Memo No. CF/36062/95 dated 16-12-1995 issued by the first respondent, stating that keeping in view of the present financial position of the government much reliance is being placed in N.S.S. mobilization to tide over the crises and directing the foremen of all Chit organizations to deposit in the NSS certificates, the petitioner filed the present writ petition.

Petitioner is a chit fund company registered under the Companies Act by the registrar of Companies, and that the 1st respondent issued the impugned proceedings instructing all the inspecting officers of Chits and District Registrars in the State to instruct the Chit Registrars working under the control to convince the foremen of Chit Organisations to deposit in NSS certificates and produce such certificates duly pledged in favour of Chit Registrar concerned towards security under Section 12 of the Act.

After receipt of notice, the respondent filed counter affidavit stating categorically that the Government in Finance & Planning Department in their Circular Memo No. 37222-B/353, dated 28.6.1995 have issued clarification to the effect that " In respect of Post Office Saving Securities, there is a provision under each of these rules to encash the securities even before the date of maturity in case of forfeiture by the departmental officers. Hence in case of termination of contracts, pledged securities can be forfeited and encahsed immediately". Hence there is no inconvenience or difficulty in purchasing National Savings Scheme Certificates for the purpose. The certificate in question can also be purchased in the name of the companies to avoid any

complications.

Heard both sides. Perused the material placed before me.

The learned Government Pleader appearing for the respondents submitted that the Chit Registrars are not compelling for NSS certificates towards security. Hence the petitioner can furnish security in the shape of NSS certificates as a preferable method out of the three methods including FDRs, as contemplated under Section 12 of the A.P. Chit Fund Act, 1971.

Having regard to the averments made by the respondents in the counter affidavit and particularly in view of the submissions made by the learned GP appearing for the respondents, I am of the opinion that no orders need to be passed in this writ petition.

Accordingly the writ petition is disposed of. No costs.

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kvsn 22-06-2005

To

1 Director of Hits and Commissioner and Inspector General of Registration and Stamps, Government of A.P., Exhibition Grounds, Mozanzahi Road, Hyderabad.
2 District Registrar of Chits,
Khammam. Khammam District.
3 Sub-Registrar of Chits,
Khammam, Khammam District.

4 Two CCs to GP for Revenue, High Court buildings, Hyderabad

5 Two CD copies.